

By Linda Wheeler—The Washington Post

Building at 18th and K Streets NW adds to glut.

D.C. Building Boom Creates Thousands of Empty Offices

By Kirk Scharfenberg
Washington Post Staff Writer

The boom in office-building construction in Washington has left the city with enough vacant office space to relocate half the Pentagon.

Ten new office structures scheduled for completion this year are nearly half vacant and an equal number have substantial floor space to rent, according to a recent survey by a real estate brokerage firm.

The buildings are scattered around downtown Washington and include locations at L'Enfant Plaza, McPherson Square and several in the "new downtown" bounded by K and M and 17th and 20th Streets NW.

Several real estate men estimate that more than 2 million square feet of office space is vacant in the city. That is equal to almost 15 per cent of all the office space built in the city in the last 10 years.

The vacancies extend be-

yond the District line to the suburbs and, according to several property managers, there is more empty space in the metropolitan area than ever before.

In addition, buildings containing another 2 million square feet, including one with 550,000 square feet at 6th and D Streets NW, are scheduled to be completed in the next three years, and little of this space is rented.

Most office buildings here are built on speculation without firm commitments from tenants, according to Irving H. Berman, an economic consultant. "And once you start, it's not like yo-yos. You can't just shut off production."

Robert Kogod, of the Charles E. Smith Companies which manage or own more than a dozen downtown office buildings, said the high vacancy rate is a result "of periodic over-building. It's only temporary. It's a question of how long, and that is basically a function of the economy."

Ten other real estate and development professionals interviewed agreed with Kogod's analysis.

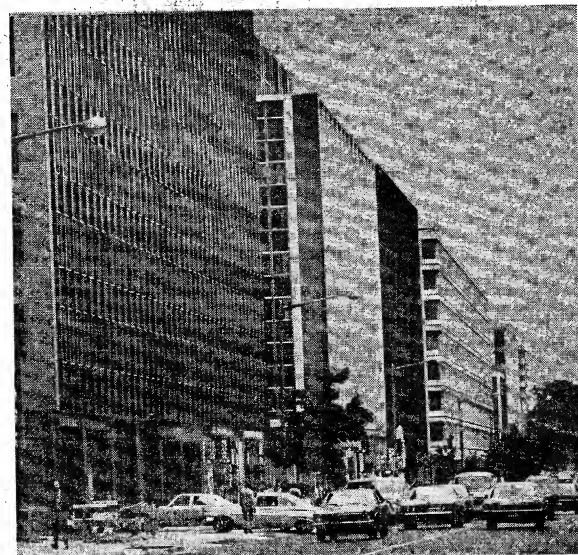
Mike Windsor, in charge of leasing for the Blake Construction Co. which owns six major downtown buildings, said small office renters are closing, or tightening their belts, and large corporations are not expanding their Washington offices.

The latest building boom began in 1969, according to R. Robert Linowes, a Montgomery County zoning lawyer familiar with development patterns throughout the area.

At that time, money was tight and major investors surveyed the market carefully. For the most part, according to Linowes, they invested in office buildings after finding high rates of apartment vacancies and no available office space.

Now, two years later, the situation is reversed.

See VACANT, A6, Col. 1



By Margaret Thomas—The Washington Post

New office buildings line section of L Street west of Connecticut Avenue.

Building Boom Brings Glut of Offices

VACANT, From A1

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The PMI Land Development Co., of Washington, backers of the proposed \$150-million Falkland complex in Silver Spring, for example, is redrawing its plans to cut back on office space and increase the number of apartments.

To entice office renters into the available space, some owners are offering bonuses such as four months free rent on a five-year lease, wall-to-wall carpeting and free remodeling of older buildings.

Barbara Pryor, assistant vice president of Julian J. Studley, Inc., a real-estate brokerage firm, said the downtown vacancy rate was aggravated by the slow movement of office renters to the suburbs.

Real estate agents who handle office rentals said that any move to the suburbs hurts the city somewhat but added that such movement in Washington is significantly lower than the mass exodus from other cities, such as New York.

"Most people still prefer the prestige of downtown Washington," said Phillip Carr, vice president of Oliver T. Carr, Inc., a major downtown office builder.

In fact, according to a study by the Washington Board of Realtors and the National Capital Planning Commission, released this month, office building construction has been a relatively healthy industry in the city for the past decade.

The study, which surveyed office construction from 1959 to late 1970, found that

the present boom (24 buildings were under construction in October, 1970) was simply the latest surge in a series of cyclical ups and downs.

Further, the study found, the present intensive development in the area west of 15th Street NW and along K, L, and M Streets NW is part of the general westward movement of the city's business district that began in the late 1950s and is not, in itself, a new trend.

Between 1959 and late 1970, according to the planning commission study, 186 office buildings were completed in Washington. Together they provided 17.9 million square feet of floor area, five times that of the Rosslyn office complex in Virginia.

Ninety-three per cent of

the office buildings completed from 1959 to late 1970 are owned by profit-making organizations and are taxable, according to the study. \$11.4 million in real estate taxes, 10 per cent of the total million in real estate taxes, property tax collected by the District.

Ninety-four of the 186 buildings are located in a 70-block area located generally to the north and west of the White House. Fourteen of the 24 buildings under construction last October were also in that area.

"We're moving some people around downtown," said Miss Pryor. "We're moving them out of perfectly decent older buildings into newer ones. But if you move 40,000 square feet, you're really not doing much."

Several property managers, such as James Eichberg, of the Braedon Companies, said that the situation had improved somewhat over the last month and that the federal government is ex-

